



**U.S. Department of the Interior
Office of Inspector General**

INSPECTION REPORT

**SELECTED ADMINISTRATIVE ACTIVITIES
AT THE DENVER SERVICE CENTER AND THE
ADMINISTRATIVE PROGRAM CENTER,
NATIONAL PARK SERVICE**

**REPORT NO. 96-I-1036
AUGUST 1996**



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL

Washington, D.C. 20240

AUG 13 1996

MEMORANDUM

TO: The Secretary

FROM:

Wilma A. Lewis

Inspector General

Re: D. N. Black for

SUBJECT SUMMARY: Final Inspection Report for Your Information - "Selected Administrative Activities at the Denver Service Center and the Administrative Program Center, National Park Service" (No. 96-I-1036)

Attached for your information is a copy of the subject final inspection report. The objective of the review was to determine whether the National Park Service's Denver Service Center and Administrative Program Center conducted travel, time and attendance, small purchases, and personal property activities in accordance with established laws, regulations, and procedures.

We concluded that the Denver Service Center and the former Rocky Mountain Regional Office, which handled the administrative functions transferred to the Administrative Program Center, effectively managed travel and time and attendance activities. However, we identified instances where the offices did not comply with certain administrative guidelines for the management of small purchases and personal property. As a result, the imprest fund and third-party drafts were subject to loss or misuse; late payment penalties accrued on those purchase orders and blanket purchase agreements that were not processed timely; and personal property was not always accurately recorded or protected. We made four recommendations to ensure compliance with administrative requirements, to emphasize the use of the Government Purchase Card over other small purchase procurement methods, and to improve the automated system for tracking the status of small procurements (DI-1 Tracking System).

Based on the Park Service's response, we considered three recommendations resolved and implemented. However, we considered the recommendation on the DI-1 Tracking System as unresolved, and the Park Service was requested to reconsider the recommendation.,

If you have questions concerning this matter, please contact me or Mr. Robert J. Williams, Acting Inspector General for Audits, at (202) 208-5745.

Attachment



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
Washington, D.C. 20240

AUG - 9 1996

INSPECTION REPORT

Memorandum

To: Director, National Park Service

From: Judy Harrison *Judy Harrison*
Assistant Inspector General for Audits

Subject: Final Inspection Report on Selected Administrative Activities at the Denver Service Center and the Administrative Program Center, National Park Service (No. 96-I-1036)

INTRODUCTION

This report presents the results of our inspection of selected administrative activities at the Denver Service Center and the Administrative Program Center, National Park Service. The objective of the inspection was to determine whether the Service Center and the Program Center conducted travel, time and attendance, small purchases, and personal property activities in accordance with established laws, regulations, and procedures.

BACKGROUND

The Denver Service Center manages the planning, design, and construction activities for the National Park Service and is collocated with the Administrative Program Center in Lakewood, Colorado. During our review, the Park Service was undergoing an extensive reorganization that included closing the Rocky Mountain Regional Office and moving its functions into several newly created offices. The Regional Office's administrative functions were transferred to the new Administrative Program Center. Consequently, the Program Center now provides the Service Center with administrative support for small purchases, travel, and personal property accounting that was formerly provided by the Regional Office. The Accounting Operations Division in Reston, Virginia, also assists the Service Center and the Program Center by providing operational guidelines and oversight for financial activities.

In fiscal year 1994, \$40.6 million (77 percent) of the Service Center's \$52.6 million budget was spent on personnel costs for about 740 full-time equivalent positions, and

\$5.9 million (11 percent) was spent on travel costs for Service Center employees. Also, approximately 5,000 small purchase actions (transactions of \$25,000 and less), totaling \$3.7 million, were processed during fiscal year 1994.

The April 1995 personal property records for the Service Center listed 6,489 items with an acquisition cost of \$6.7 million. Much of the personal property consisted of sensitive items such as computers, cameras, surveying equipment, and other electronic devices.

SCOPE OF INSPECTION

Our inspection covered travel, time and attendance, small purchases, and personal property activities conducted by the Denver Service Center from October 1993 through June 1995. The inspection also covered the support for these activities provided by the Rocky Mountain Regional Office (now the Administrative Program Center) for the Service Center.

The inspection was conducted in accordance with the "Quality Standards for Inspections," issued by the President's Council on Integrity and Efficiency and, accordingly, included such tests and inspection procedures considered necessary under the circumstances. The inspection, performed at the Denver Service Center and the Administrative Program Center, is intended to provide information to managers for decision making; for making recommendations for improvements to programs, policies, or procedures; and for administrative action. Our conclusions were based on observations of administrative operations; interviews with administrative and other personnel; and the results of limited tests and analyses of records, reports, and transactions.

PRIOR AUDIT COVERAGE

Neither the General Accounting Office nor the Office of Inspector General has issued any audit reports in the past 5 years that addressed the administrative activities of the Denver Service Center or the former Rocky Mountain Regional Office.

RESULTS OF INSPECTION

We concluded that the Denver Service Center and the Rocky Mountain Regional Office effectively managed travel and time and attendance activities. However, we identified instances where the offices did not comply with certain administrative guidelines for the management of small purchases and personal property. As a result, the imprest fund and third-party drafts were subject to loss or misuse; late payment penalties accrued on those purchase orders and blanket purchase agreements that were not processed timely; and personal property was not always accurately recorded or protected.

Travel and Time and Attendance

The Service Center's procedures for travel generally functioned effectively and provided for adequate administrative control. Official trips were approved in advance by the employee's supervisor, an automated program expedited the preparation of travel authorizations and vouchers, a full-time employee assisted travelers in complying with travel regulations, and outstanding travel advances were monitored by the Accounting Operations Division. Furthermore, controls over time and attendance were adequate and effective. We reviewed the Service Center's time reporting procedures and found that employee time was properly certified and that time was accurately recorded and input into the payroll system.

Small Purchases

Small purchase activities were generally performed effectively. Specifically, Purchasing Agents received regular training and their contract officer warrants were current; purchases were generally for allowable purposes; small and disadvantaged businesses were regularly utilized; requisitions were properly authorized; procurement transactions were timely and properly subjected to competition; and purchase order files were complete. Nevertheless, we believe that small purchases could be administered more efficiently if the number of payment methods was reduced and if personnel complied with established requirements.

The Service Center and the Program Center currently use five payment processes (imprest fund, third-party drafts, Government Purchase Card, purchase orders, and blanket purchase agreements) to accomplish small purchases. Each method of payment has different procedural requirements governed by separate regulations and guidelines. Based on our analysis, we concluded that the Government Purchase Card could meet most of the centers' small purchase needs, reduce the administrative burden, and increase the timeliness of vendor payments. The purchase card, which can be used for most small purchase transactions, would allow the other payment processes to be eliminated or used less frequently. Further, the U.S. Treasury Financial Manual (I TFM 4-4515) stipulates that the purchase card be used unless another payment process is determined to be more cost effective, practicable, or required by existing statutes.

Imprest Fund. Imprest funds are to be administered in accordance with the Department of the Treasury's Manual of Procedures and Instructions for Cashiers, the Treasury Financial Manual (I TFM 4-3000), the Departmental Manual (330 DM), and the Park Service's Imprest Fund Manual. Our inspection of the Rocky Mountain Regional Office's \$5,000 imprest fund disclosed that the following guidelines were not being met:

- The guidelines state that a complete and unannounced cash verification of the imprest fund should be conducted at least quarterly. However, only one verification had been performed in the prior 13-month period for the \$4,250

principal fund. Also, the alternate cashier's \$750 fund had never been counted. We determined that \$694 of this fund had been stolen. We believe that if the Regional Office had been conducting unannounced cash verifications, the opportunity to take the funds would have diminished.

- The guidelines recommend that the fund level be reviewed at least annually and adjusted if necessary. We determined that the authorized fund level should be reduced from \$5,000 to \$1,500 or less because the fund's activity for the 12 months ending February 1995 indicated that monthly fund expenditures averaged about \$700.

- Recommended security procedures were not followed for cash, undeposited Treasury checks, and third-party drafts. Specific safeguards that should be implemented include: (1) securing the safe combination and a duplicate key for each cash box in a sealed envelope and separate safe to allow entry when the cashiers are unavailable; (2) maintaining a written log at each safe that lists the dates when the combination was changed and the individuals who know the combination; and (3) changing the safe combination at least annually.

- Supporting documentation (invoices, receipts, and travel vouchers) was not always properly canceled. To help avoid duplicate payments, each document should be stamped "Paid." This issue also pertains to third-party drafts.

- Procurements for personal services are unallowable from the imprest fund. However, three procurements, totaling over \$400, for sign language interpreters, which are identified as unallowable personal services expenditures in the Treasury Financial Manual, were made in fiscal year 1994.

- Travel expenses were not separated from other small purchases on the reimbursement vouchers, as specified by the Park Service's Imprest Fund Manual.

Third-Party Drafts. Third-party drafts (a method of payment similar to regular checking accounts) are to be administered in accordance with the Department of the Treasury's Cashiers Manual; the Treasury Financial Manual (I TFM 4-3000); the Departmental Manual (330 DM); the Park Service's Third-Party Draft System Policy and Procedures, Issuances 1 through 6; and the Park Service's Imprest Fund Manual.

Based on our review of the third-party draft accounts managed by the Regional Office, we found that the following guidelines were not being met:

- Seven boxes containing 7,000 blank third-party drafts, with a potential procurement value of \$17.5 million, were received in December 1993 but had not been opened. Third-party draft orders should be physically inspected immediately upon receipt to confirm and document the actual contents.

- Drafts Issued Logs were not maintained to track use of the drafts, and the Draft Agents' supplies were not reviewed weekly to guard against unauthorized use.

- The Site Manager transferred the entire inventory of 5,000 drafts for Draft Account No. 1224 (used for local travel and small purchases) to the Draft Agent. The guidelines state that blank drafts are to be allocated to the Draft Agent only “as they are needed.” As a result, we estimated that the Draft Agent controlled at least a 6-year supply of drafts.

- Copies of the issued drafts and supporting documentation were not maintained for Draft Account No. 1227 (used for nonlocal travel). This documentation should be retained in the permanent files for at least 2 years to substantiate draft usage.

- The supply of blank drafts for inactive Draft Account No. 2001 was still maintained in the safe. To avoid unauthorized use, these documents should be shredded.

- Voided drafts were not processed timely for Draft Account No. 1227. Although voided drafts should be submitted monthly to the contractor bank, over 14 months had elapsed since the last submittal, and 85 voided drafts had accumulated during this period.

- The written authorizations for Draft Account No. 1227 needed to be updated, as four of the seven authorized Draft Agents had no current responsibilities for this draft account.

- Administrative reviews were not conducted for third-party drafts. Comprehensive administrative evaluations of the system should be conducted on a regularly scheduled basis.

Purchase Orders and Blanket Purchase Agreements. Purchase orders and blanket purchase agreements are to be administered in accordance with the Code of Federal Regulations (48 CFR Chapter 1, Part 13), the Department of the Interior Acquisition Regulation System (48 CFR Chapter 14), and the Park Service’s Acquisition Guideline (NPS-62).

Based on our review, we found the following weaknesses in the Rocky Mountain Regional Office’s management of purchase orders and blanket purchase agreements:

- About 40 (25 percent) of the 163 blanket purchase agreements had little or no activity; therefore, administrative effort was unnecessarily expended on maintaining these agreements.

- The automated system for tracking the status of small procurements (DI-1 Tracking System) had numerous incorrect and missing dates. Also, the usefulness of the system to monitor compliance with the Prompt Payment Act could be enhanced by adding the invoice received date to the system.

- Purchase order documentation was not always submitted to the Park Service's Accounting Operations Division on a timely basis, thus resulting in late payment penalties under the Prompt Payment Act. The delays occurred when the Receiving Officer was not informed that an ordered item was delivered directly to the end-user office.

- A large backlog of procurement transactions from prior years, some dating back to 1990, had not received final administrative action. Specifically, 93 purchase orders, totaling \$181,940, were not processed and apparently were never completed; 81 purchase orders, totaling \$71,900, were in suspense status waiting for a vendor invoice; and 15 expired blanket purchase agreements had not been closed out.

Personal Property Accountability

Improvements are needed to ensure the effective accountability of the Service Center's personal property. Personal property is to be administered in accordance with the Federal Property Management Regulations System (41 CFR 101), the Interior Property Management Regulations System (41 CFR 114 and 410 Departmental Manual), and the Park Service's Personal Property Management Guideline (NPS-44).

Based on our review of 11 of the 44 division, team, and branch offices, we found that requirements were not being met as follows:

- A physical inventory of Service Center personal property had not been completed since fiscal year 1993. Also, previous inventories were not completely reliable because off-site property was inspected by the employees personally accountable for the property and therefore was not independently verified. A complete inventory should be conducted annually to ensure that property is accurately documented and safeguarded.

- Division and branch office property management officials tracked the location of their property using a variety of informal automated systems that did not interface with the official property management system. Also, these systems were unnecessary, since the official property system could be modified to provide the location of property by assigned employee.

- Certain computers, surveying equipment, and various electronic devices did not have identification tags and were not recorded in the official property management system. Consequently, all of the nine property items assigned to the Service Center Eastern Team that we selected for review could not be located. Personal property should be tagged and documented in the property system immediately upon receipt.

- Property that was delivered directly to the end-user office frequently was not inspected by the Receiving Officer. In these situations, the property may not have

been adequately inspected to determine whether deficiencies existed in the order. All property is required to be initially inspected by a designated receiving official.

- The required Receiving Reports were not prepared for property acquired under Government Purchase Cards.

- Employees in the Service Center's Eastern Team Construction Branch did not sign out for property that was taken off-site. Written authorization is required whenever property is removed from the assigned work place.

- Many property management officials had not received the required written notification of their property-related responsibilities.

Management Actions

Service Center and Program Center officials took prompt action to address some of the weaknesses identified during our review. For example, the Service Center initiated a physical inventory that will utilize improved procedures for verifying off-site property and for documenting the location of assigned property. Procedures were also initiated to safeguard the imprest fund and third-party drafts.

At the exit conference, Service Center and Program Center senior-level management officials generally agreed with our findings and recommendations.

Recommendations

We recommend that the Director, Administrative Program Center, and the Director, Denver Service Center:

1. Ensure compliance with administrative requirements for small purchases and personal property management.

2. Emphasize the use of the Government Purchase Card over other small purchase procurement methods.

3. Add the invoice received date to the automated system for tracking the status of small procurements (DI-1 Tracking System).

4. Ensure that all offices use the official property management system to account for personal property.

National Park Service Response and Office of Inspector General Reply

In its November 29, 1995, response (Appendix 1) to the draft report, the Director, Denver Service Center, concurred with Recommendations 1, 2, and 4.

Recommendation 3 did not pertain to activities conducted by the Service Center. The December 8, 1995, response (Appendix 2) from the Director, Administrative Program Center, indicated concurrence with Recommendations 1, 2, and 4 and nonconcurrence with Recommendation 3. Based on the responses, we consider Recommendations 1, 2, and 4 resolved and implemented and Recommendation **3** unresolved. Therefore, the Park Service is requested to reconsider its response to Recommendation 3 (see Appendix 3).

Recommendation 3. Nonconcurrence.

Park Service Response. The Director, Administrative Program Center, stated that the DI-1 Tracking System was not intended to be a “finance tool” and that the System did not interface with the official finance system.

Office of Inspector General Reply. Even though the DI-1 Tracking System does not interface with the official finance system, we believe that the System offers significant opportunities to provide management with information necessary to administer, in a more effective manner, small procurements by tracking compliance with the Prompt Payment Act. At our exit conference, Program Center officials concurred that the DI-1 Tracking System contained numerous data errors and that System usefulness could be enhanced by modifying the System. Accordingly, we recommended that the System be modified to include the invoice received date.

Additional Comments

The Directors of the Denver Service Center and the Administrative Service Center suggested changes to our draft report, which we incorporated into our report as appropriate. Also, the Director, Administrative Program Center, stated that the Program Center was in compliance with administrative requirements for small purchases and personal property management. He noted that several of the control techniques were not mandatory, such as document security safeguards and document cancellation, which were prescribed in the guidance issued by the U.S. Treasury, the Department, and the Accounting Operations Division. We believe that these guidelines form the basis of a well-managed administrative system and that they should be fully implemented.

In accordance with the Departmental Manual (360 DM 5.3), we are requesting your written response to this report by October 11, 1996. Your response should provide the information requested in Appendix 3.

The legislation, as amended, creating the Office of Inspector General requires semiannual reporting to the Congress on all audit reports issued, the monetary impact of audit findings, actions taken to implement audit recommendations, and identification of each significant recommendation on which corrective action has not been taken.

NOV 29 1995

F4217 (DSC-D)

Memorandum

To: Associate Director, Professional Services, WASO

From: Director, Denver Service Center

Subject: Office of the Inspector General Draft Inspection Report, Selected Administrative Activities at the Denver Service Center and the Administrative Program Center, National Park Service (Assignment No. C-IN-NPS-001-95)

The Denver Service Center concurs with the findings contained in the draft inspection report that are the direct responsibility of DSC. The Administrative Program Center will respond separately to the Office of the Inspector General on the findings and recommendations concerning their activities in support of DSC.

We have one general comment to make on page 6, paragraph 2 under "Imprest Fund," last sentence. The sentence should read, "We believe that if the Program Center had been conducting unannounced cash verifications," The change in the sentence is underlined.

The following actions have been taken or are planned:

1. Ensure compliance with administrative requirements for small purchases and personal property management.

Compliance with administrative requirements for small purchases: The Denver Service Center implemented the Government Purchase Card Program (see below) for small purchases. All administrative requirements of the program are being met. The Denver Service Center Contracting Officer ensures compliance.

Compliance with personal property management: The Denver Service Center is ensuring compliance with personal property administrative requirements. See number 4 below.

The Administrative Program Center will respond to their activities that are conducted in support of DSC.

2. Emphasize the use of the Government Purchase Card over other small purchase procurement methods.

The Denver Service Center has implemented the Government Purchase Card program for small purchases. Approximately 30 cardholders and their approving officials have received the required training for the program. Limits per transaction range from \$500 to \$2500. Individual transaction limits have been set as well as monthly limits per office. Cardholders will be purchasing miscellaneous office supplies not available in our supply room, reserving training or meeting space as necessary, and making other small purchases in accordance with the Government Purchase Card program.

Implementation Official:
Robert W. Laubenheim, Contracting Officer, DSC

Target: Completed - October/November 1995

3. Add the invoice received date to the automated system for tracking the status of small procurements (DI-1 Tracking System) .

The Administrative Program Center will respond to this recommendation.

4. Ensure that all offices use the official property management system to account for personal property.

A physical inventory of all property associated with the Denver Service Center was conducted and is being entered into the Federal Property Management tracking system.

Property that was outdated or unused was excessed based on guidance contained in NPS-44.

Property will be the responsibility of each individual rather than a supervisor in order to achieve better accountability.

All "floating property" (i.e., notebook computers, cameras, etc.) will be gathered together in one place and used on a check-out basis for better control and accountability.

Property guidelines will be issued to all DSC employees established procedures for property transfers, responsibilities, etc.

The Denver Service Center will be realigning their space to implement the reorganization of the Center effective October 1, 1995. All property assignments, record keeping procedures, and guidelines will be in place with the realignment occurs.

The Administrative Program Center will respond to their activities that are in support of DSC.

Implementation Official:
Betty Shreeve, Management Assistant, DSC

Target : Estimated date - March 1995

Thank you for the opportunity to comment on the draft report. If you have any questions or need additional information, please contact Rodger Evans, Chief of Operations, Denver Service Center, (303) 969-2100.

Charles P. Clapper, Jr.

cc :
WASO-Administration-Mary Bradford, w/c draft report

bcc :
DSC-D-File, w/c draft report

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P4217 (APC-MP)

DEC 8 1995

Memorandum

To: Judy Harrison, Acting Assistant Inspector General for
Audits, Office of the Inspector General, U.S. Department
of the Interior

From: Director, Administrative Program Center

Subject: Draft Inspection Report on Selected Administrative
Activities at the Denver Service Center and the
Administrative Program Center, National Park Service
(Assignment C-IN-NPS-001-95)

This is in response to your draft inspection report, dated October 31, 1995. We appreciate the opportunity to respond to the report in its draft form. The Administrative Program Center is responding to those items under our current jurisdiction and responsibility, with the DSC responding separately to those items for which they have responsibility.

By way of clarification to your Background information on page 2, the Administrative Program Center (APC) did not come into existence until October, 1995, so the statements within the report which depict the (APC) "managing" or "providing" services is misleading. These programs were administered by the Rocky Mountain Regional Office in support of employees within that office and the Denver Service Center at the time of the inspection.

In addition, the Accounting Operations Division, (AOD) in Reston, Virginia only "assists" in guidelines and oversight for the finance functions only, not 'administrative' activities.

The following comments are in response to the findings and "RESULTS OF INSPECTION" in the body of your report:

SMALL PURCHASES

There were not five methods of procurement; there was one: small purchases (FAR Part 13). The Streamlining Act of 1994 established two procedures: micropurchasing and simplified acquisition. Until there was implementation policy from the Department and National Park Service, we were required to continue with small purchases procedures.

FAC-90-20. issued December 15, 1994, implemented the micropurchase procedure. This was implemented in the Rocky Mountain Region in

December, 1994, with the issuance of the December 13, 1994 memo signed by John H. King, Associate Regional Director, Administration.

Imprest fund, third-party drafts, government purchase card, purchase orders, and blanket purchase agreements are processes for accomplishing micropurchasing and simplified acquisition procedures. These are primarily payment processes used to accomplish small purchases, or more recently, micropurchasing and simplified acquisition procedures. It is up to the purchasing agent to determine which process is the best and most efficient method of payment for each acquisition. Each of the five individual processes provides its own flexibility and efficiency to individual circumstances. All are available for use within the guidelines set forth in FAR Part 13.1.

PURCHASE CARD

The Purchase Card Program **was** not approved for use within The National Park Service until the latter part of March, 1995.

The four purchasing agents performing small purchasing within the regional office were trained in the use of the card, policy and procedures were developed, and the program was locally implemented in May, 1995. During the time of the audit, we were in the process of training individual cardholders and approving officials both within what was then the regional office and in the field. The first central office training sessions for cardholders and approving officials were held May 9 and 10, 1995, when we trained 68 individuals. Since then, training sessions were held July 18 with 26 attendees and October 11, 1995 with 25 attendees.

The National Park Service (AOD) has established a payment policy for the Purchase Card Program with Rocky Mountain BankCard System. One invoice payment, made within Prompt Payment guidelines, is made on a monthly basis for the entire service including all parks and central offices.

As mentioned above, we have implemented the program within this central office and are encouraging cardholders to use the card whenever it is cost effective and practical.

IMPREST FUND

Quarterly unannounced cash verifications will be performed in the future.

We did determine a shortage of \$694 dollars, issued a bill of collection, and recovered the funds. While it is possible that loss might have been avoided by unannounced audits of the cash, the

accountable employee had very sudden and significant personal concerns that may well have resulted in the loss of the cash no matter what steps we took, short of anticipating those problems ahead of time and relieving him of that alternate cashier responsibility.

Prior to October, 1994, this central office had one large imprest fund of \$75,000. which was primarily used to pay travel vouchers. At that time, Dave Galentine was a subcashier to the cashier with a \$750 advance of funds. During October, 1994, the travel payment process was changed: advances were then paid via Third Party Drafts, and the \$75,000 fund was returned to Treasury. A single \$5,000 imprest fund was established for this central office with David Galentine as the cashier. After nine months of operation, the fund's activity was reviewed and the fund was further reduced to the \$1,000 level in June, 1995.

The "Service Center" had no financial accountability/responsibility for the imprest fund; this was an administrative responsibility of the Rocky Mountain Regional Office.

The combination for the supply operation safe was changed by GSA Security Personnel approximately one year before the audit. They provided the documented safe combination on a pull-apart form - an encasing envelope. This envelope was placed in a limited access area away from the safe. Only two individuals, the cashier and the alternate, knew the combination. Each worked out of individual, lockable cash boxes. Each had the only existing key for his box. The June, 1993, Treasury Manual states "This envelope should be placed in a safe...", but does not mandate such action.

We do not concur that Treasury mandates maintaining a written log that lists the dates when the combination was changed and the individuals who know the combination. This is a suggestion established in AOD's imprest fund manual issued in April, 1994. The manual is neither official policy nor part of the Official Guidelines issued by the National Park Service.

We also do not concur that sign language interpretation is a personal service and thus unreimbursable from the imprest fund, any more than veterinary and other services are. The government is not supervising this function. AOD has determined these expenses appropriate as are payment for Volunteers In Parks, payment for service to repair equipment, horseshoers to shoe and maintain livestock, etc. These are reimbursable according to AOD.

Regarding the supporting documentation, we are not aware of any requirement or regulation to stamp documents paid. Adequate internal controls are in place as AOD will pay only from original invoices or Certified True Copies of Originals.

It is true that travel expenses and small purchases were not placed on separate reimbursement vouchers. Although this is a requirement of AOD, our Regional Office received a waiver in October, 1994 for this process allowing us to combine all Subvouchers on one reimbursement voucher.

THIRD PARTY DRAFTS

All unnecessary third party drafts are being properly destroyed on site, not transferred to AOD. This is in accordance with established procedures which provide adequate internal controls. Administrative reviews will be accomplished for the Third Party Draft Program.

All voided drafts for 1227 were submitted to Chemical Bank in June, 1995. Signature cards are not necessary for account 1227 as that account no longer exists.

Several years ago the Rocky Mountain Regional Office designed an automated Third Party Draft System to use in ensuring, safeguarding, and controlling third party drafts. This system provides automated logs of all drafts issued on a daily and/or monthly basis. The automated system was used by individuals who were involved in issuing third party drafts for both accounts (1227 and 1224). This automated system will not allow draft agents to issue drafts out of sequence without an accounting. It provides for easy review of canceled, voided, uncashed, or cashed drafts by the Third Party Draft Administrator. The system provides both oversight and adequate internal control within an automated system.

Record copies of all the drafts are at the official record site which is AOD.

Blanket Purchase Agreements

At the beginning of the fiscal year previous blanket purchase agreements were reviewed and new ones established for the fiscal year to cover the projected requirements. Although some did not have a great deal of activity due to the use of other payment processes which increased during the fiscal year (e.g., government purchase cards), we felt it was best to leave them in place through the rest of the fiscal year.

The use of blanket purchase agreements does not delay payment to vendors since they are paid in accordance with the Prompt Payment Act as with other payments. As mentioned earlier, we are in the process of implementing the purchase card program which will pay the vendor immediately rather than in accordance with the Prompt Payment Act. Even once the purchase card program is fully implemented there will be a continuing need for blanket purchase

agreements.

The DI-1 system was designed as an internal tracking system to ensure requirements were processed in a timely manner and to provide feedback to customers. This program has no effect on the payment process which is controlled at AOD.

Problems continue with the receiving process since vendors bypass the receiving officer at times. We will again advise employees to inform the receiving officer of the requirements regarding receipts.

There is a file of open purchase orders, some dating back to 1990. These are open purchase orders in which we are still awaiting receipt of the goods or services; having such open files for such lengths is not abnormal.

PERSONAL PROPERTY ACCOUNTABILITY

A physical inventory of the Denver Service Center personal property is being conducted for fiscal year 1995.

There is one official personal property accountability system for the National Park Service, located on the mainframe computer of the U.S. Forest Service's National Finance Center in New Orleans, Louisiana. This is the only system used when doing official inventories of accountable personal property. Individual offices may maintain individual data bases for whatever reasons they choose, but those are unofficial and not part of the official property inventory system.

This system does provide for the specific location of each individual item of accountable property. Accountable personal property is identified and tagged upon receipt by the building receiving officer. Property technicians enter each item into the personal property inventory system via an on-line computer program.

Personal property is not to be purchased via the purchase card program by anyone other than purchasing agents. These individuals have been instructed to complete receiving reports for the identification and tagging of this property. When the audit was conducted few purchases had been made via the purchase card program.

Concerning the cited recommendations:

1. As stated in the foregoing, we believe compliance with administrative requirements is being met.
2. There is a continuing effort made to expand this program:

individuals are encouraged to use the purchase card when it is the most effective and efficient tool available.

3. The DI-1 system is an internal tracking system (to track purchase requirements) within this office and was not intended to be a finance tool in support of payment tracking. Payment tracking is a function of AOD. This agency's finance system does not tie into our DI-1 system in any way.

4. The official property management system is used to officially account for personal property. For internal control purposes access to the official records should be limited to property technicians with responsibility and accountability for maintaining the official system, and should not be delegated to all offices. We have established procedures for offices to notify the responsible individuals to update and/or edit the data base.

Thank you again for the opportunity to respond. If you have additional questions please contact Sue Hawkins (303 969-2026 or Dick Curtis (303 969-2773).

Alex Young

STATUS OF AUDIT REPORT RECOMMENDATIONS

Finding/Recommendation Reference	Status	Action Required
1, 2, and 4	Implemented.	No further action is required.
3	Unresolved.	Reconsider the recommendation, and provide an action plan, including target dates and titles of officials responsible for implementation.

**ILLEGAL OR WASTEFUL ACTIVITIES
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THE OFFICE OF INSPECTOR GENERAL BY:**

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